

Context for this document

The following document has been prepared to provide members of the Retail Council of Canada a perspective on practices observed from retailers around the world on operating their business during the COVID-19 pandemic.

We have compiled these materials through a scan of practices observed from companies in countries that have started to emerge from the government imposed restrictions on the essential, non-essential and restaurant sectors.

These materials are intended to provide you with a framework for key considerations and relevant global best practices as you operate your business in today's challenging environment.

These are not intended to be legal advice or to replace local health and government guidelines. The COVID-19 crisis is rapidly evolving and there are different considerations for retailers in different regions and sub-sectors of the retail industry. Readers should consult the applicable laws & regulations, and guidelines issued by federal & provincial health and labor authorities, to make the best decisions for their respective businesses.

Where feasible, sources & links have been provided & identified but, given the rapidly changing environment, sources are not possible for all statements. Members should perform their own research before executing any measures herein.

This is a non-exhaustive document and the Retail Council of Canada is keen to solicit your feedback on additional topics that may be relevant for your business for future iterations of this playbook.

What this document is

A framework of key issues to consider as retailers prepare to operate within the ongoing COVID-19 pandemic environment

Examples of practices observed from retailers across various sub-sectors around the world

Key issues to consider in implementing examples from other regions/countries and sectors

What this document is not

An exhaustive list of all issues that retailers may face in the current environment

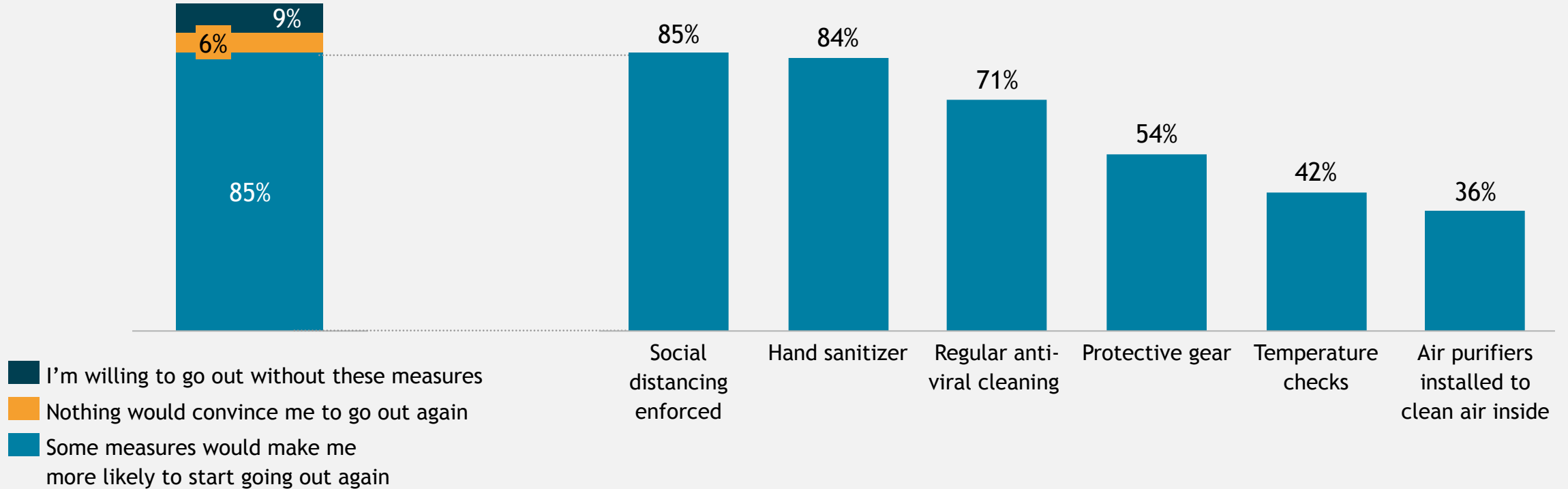
Legal advice on practices businesses should follow. Please consult appropriate legal channels, Health Canada or other RCC resources on appropriate guidelines

Tactical advice on how to implement each potential action. Local realities in each region will dictate what is actionable

Context: Shoppers hesitant to resume retail visits—but investing in health & safety measures can change that

85% of Canadian consumers require measures prior to resuming going out ...

... with social distancing and increased hygiene seen as the primary drivers



Note: Question text: "Would any of the following measures make you more likely to start going out again once things reopen (e.g. to restaurants, stores, public spaces)?"

Source: COVID-19 Canadian Consumer Sentiment Survey, April 24-26 2020, (N = 2,933 unweighted, representative within ±3% of CAN census)

Context: Past crises past have markedly accelerated changes in consumer behaviour



Assortment preference

The Financial Crisis rapidly increased CPG private label penetration in Europe¹ (+22pp in Spain, +10pp in Italy, and +8pp in France)



Price & promo sensitivity

Four years after the Financial Crisis, 44% of Canadians said the recession influenced them to shop around more for the best price



Accelerated eCommerce shift

After the 2002-2003 SARS crisis, eCommerce adoption rates increased 5x in China

1. 2012 vs. 2014

Source: Charged Retail; NBC; PLMA (Private Label Yearbook), Euromonitor; Kantar Worldpanel; Planet Retail (using Nielsen and Gfk data); Statista



Product offering / assortment & presentation: Five practices leading global retailers are pursuing in response to COVID-19

		Applicable to:		
		Essential	Non - essential	Restaurant
Define assortment	1 Pivot and adapt offering across categories for post-COVID world			
	2 Simplify offering / assortment within a category based on profitability & supply base			
Adapt in-store experience	3 Adjust visual merchandising / display practices			
	4 Modify fitting room protocols			
	5 Temporarily close high-touch operations			



Pivot and adapt offering

Note: This topic discusses which items to carry based on changes in demand, for guidance on estimating demand please refer to the "Retail Operations" and "Store Network & Channel" playbooks

Context & rationale

- Many companies continue to advise their employees to work-from-home, and many consumers remain uneasy in public settings, even as countries begin re-opening
- With lock downs impacting consumption patterns, different categories are expected to perform differently during the COVID-19 crisis (see next page)
- Retailers are shifting product offerings to cater to changing consumer needs

Examples

- **Lowes (Canada):** Emphasizing 'Quick DIY' home projects & assortment on website ([Link](#))
- **H-E-B (US):** Carrying ready-made meals from five local restaurants at 29 supermarkets in San Antonio, Houston and Austin ([Link](#))
- **Lettuce Entertain You (US):** Launched "Lettuce Take Care of You", a program that provides 3 meals each week that feed a family of four for US\$150 with options from their many restaurants (e.g. RPM, Beatrix, Ramen-San, etc.) ([Link](#))
- **Fat Rice (US):** Pivoting from full service restaurant to 'corner store' providing meal kits; intend to eventually provide ready-to-heat dishes ([Link](#))
- **Chuck E. Cheese's (US):** Now selling family fun packs and party packs for delivery, including goody bags with toys, a doll, cake and gaming tickets for a future visit. ([Link](#))
- **Primark (UK):** Has announced plans to re-open with inventory appropriate to the region and season ([Link](#))

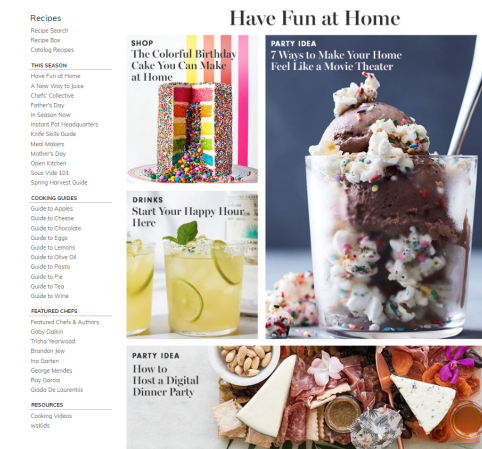
Execution considerations

- Retailers should consider segmenting categories by archetype and forecasting expected demand curve post re-open to plan to changes to offerings
- Communicate new offerings to customer base via existing channels

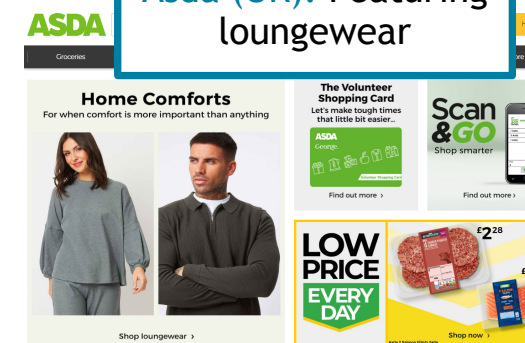
Fat Rice (US): Full service restaurant re-opening as a corner store carrying pantry staples



William Sonoma (US): Promoting stay-at-home activities and assortment



Asda (UK): Featuring loungewear





Simplify offering / assortment

Context & rationale

- Suppliers are facing multiple challenges, resulting in interrupted availability of product: i) Gaps in production inputs; ii) High demand in core assortment, requiring trade-offs producing secondary SKUs; and iii) Transport and logistics availability
- In both the Essential and Non-essential retail sectors, removing slow-turning inventory & assortment can free-up cash & space for more productive uses
- For restaurants, missing a single ingredient can result in loss of multiple menu items
- Simplifying recipes can also allow for increased social distancing in the kitchen, given fewer steps in preparation process

Examples

- **Shop-Rite (US):** Dramatically simplified flyer assortment to focus on keeping items in-stock and maintaining health & safety standards ([Link](#))
- **Grocers (global):** Working with suppliers to rationalize SKUs to increase production efficiency
- **Panda Express (US):** Removed five main dishes and sides of brown rice from its menu to ease kitchen stress ([Link](#))
- **McDonald's (global):** Stopped offering all-day breakfast ([Link](#))

Execution considerations

- In a resource-constrained environment due to disruption, there is a tendency to focus on top selling items - suppliers are likely to prioritize the biggest SKUs, and opportunity cost for maintaining a 'long tail' of less productive items increases
- Performance of top/bottom items also tends to be accentuated in a crisis, since consumers also prioritize their spending
- Consider starting with a reset of assumptions on fast/slow moving SKUs, including online performers (which may differ from in-store); for Essential retailers, review SKUs unpurchased during the COVID-19 crisis
- Review assortment profitability by-SKU & critically assess the long-tail of unprofitable items; but be wary of demand transference (confirm a substitutable item remains in assortment)
- Incorporate impact of pent-up demand on non-essential items
- Evaluate alternative uses for shelf space, including expansion of categories/SKUs with low on-shelf availability due to constrained display space; if space or inventory constrained on top selling items, re-consider value of slow moving SKUs









Simplifying assortment during COVID-19: A simple framework

How productive is this product/category?

How much sales does it generate each week in each store relative to peers?

How do these revenues compare to the costs to maintain category (margin, space, supply chain complexity)?

High		
	Selective removal (sales high but recapturable)	Maintain & grow
Low		
	Aggressively remove (sales low & recapturable)	Selective removal (sales lost but low)
	Low	High

How incremental are the sales of this product/category?

Are there substitutes the volume could go to & have consumers shown a willingness to shift to them¹?

Is the product important in generating trips and/or starting baskets²? Do consumers associate this product with our store?

1. Historical willingness of consumers to reduce purchases of this product/category when another is promoted is a strong signal of substitutability;
2. Consider value of items frequently purchased as part of same basket as this item



Adjust visual merchandising / display practices

Context & rationale

- Visual merchandising and displays are typically touched by many customers and employees and, thus, increase the risk of transmission from COVID-19
- Without due processes to minimize risks, customers will be reluctant to touch merchandise that others have touched

Examples

- **Best Buy (North America):** Plans to wipe down gadgets and other items before and after each in-store shopper touches them ([Link](#))
- **Macy's (North America):** Customers will be required to use hand sanitizer before trying on fine jewelry and watches ([Link](#))
- **Estee Lauder (US):** Partnered with AI and AR tech solution provider Perfect Corp to create virtual try-ons for their cosmetics products ([Link](#))
- **Bulk Barn (North America):** Some locations have stopped customer self-serve of bulk goods; moved to model where only 2-3 customers allowed in store at once, each accompanied by a store associate who scoops the product

Execution considerations

- Displaying a single unit can minimize items touched (in apparel, consider displaying one size of each item, which can also minimize the number of articles requiring steaming / other sanitization)
- Where possible, customers should be offered hand sanitizer and or PPE (gloves) before touching products
- Demonstration products could also be sanitized before and after each use; most products with hard surfaces can be easily sanitized (e.g. consumer electronics, jewelry and watches)
- Locked items/cases can be moved closer to cash desk to facilitate staff assistance with purchase

Best Buy (US): Sanitization of surfaces and products before/after customer appointments ([Link](#))



COMPANY NEWS

APRIL 28, 2020

Best Buy To Offer New In-Store Consultations

KATIE KORANDA STAFF WRITER

Independent retailer (Germany): Single unit of each item on display





Modify fitting room protocols

Context & rationale:

- The ability to try-on product is important to drive conversion, particularly in categories where finding the correct size is important (e.g., apparel, footwear)
- All retailers will need to follow local regulations, but regardless of regulation many customers will appreciate reassurance that safety measures are being taken; to further encourage them to try on product and/or using fitting rooms in stores

Examples:

- **Levi's (China):** Disinfects fitting rooms after each use, as well as clothes tried on ([Link](#))
- **Nordstrom (US):** Closing some fitting rooms, cleaning in between uses; holding tried-on merchandise for unspecified time period before returning to shop floor ([Link](#))
- **Macy's (US):** Opening minimum number of fitting rooms; holding tried-on items for 24 hours before returning to rack; holding returned items for 24 hours before returning to shop floor ([Link](#))
- **H&M Group (Sweden):** Closed fitting rooms across H&M, Monki, Cos, Weekday and &OtherStories stores in Scandinavia ([Link](#))
- **Mango (Spain):** Keeping every other fitting room open; quarantining garments tried-on for 48 hours before making available for re-sale ([Link](#))
- **Desigual (Spain):** Limiting entrance to fitting rooms to single person, disinfecting after each use, and notifying customers of last time cleaning was carried out ([Link](#))

Execution considerations:

- Consider closing every other fitting room, or use only one fitting room if needed, to meet distancing requirements
- Permit only 1 person per fitting room, and only person(s) trying on items to enter
- Increase cleaning of fitting rooms, similar to other high traffic areas by sanitizing surfaces after each use
- Consider installation of fitting room doors to replace curtains, if necessary to ease sanitization process (as hard surfaces easier to clean)
- Remove unnecessary/decorative objects from inside of fitting rooms
- Isolate unpurchased merchandise for at least 1 day before returning to shop floor, similar to returns - may require re-considering inventory on-hand depending on expected daily traffic to stores



Temporarily close high-touch operations

Context & rationale

- Given customer concern regarding risk of transmission of COVID-19 and public health regulations in many jurisdictions, self-serve options and high-touch services will likely be closed during re-opening phase (e.g. buffets, self-serve counters, in-store sampling, in-store makeovers)
- In addition, customers will be reluctant to use testers in many categories (e.g. beauty)

Examples

- Meijer (US):** Shut meat and seafood and delis, shift to pre-packaged ([Link](#))
- 7-Eleven, Kwik Trip and Kum & Go and others (US):** Eliminated mini-mart staples such as roller grills, nacho and chili cheese machines, soup bars and self-serve coffee ([Link](#))
- Kroger (US):** Closed self-serve bars (salad, olive, bakery, candy bars, etc.) and bulk-bin options ([Link](#))
- Walgreen's (US):** Stopped in-store sampling and removed testers for perfume and beauty products ([Link](#))
- Sephora (global):** Cancelled in-store makeup and skincare services and classes ([Link](#))
- Space NK (UK):** Anticipating the removal of testers ([Link](#))
- Marks & Spencer (UK):** Removed all testers from beauty department ([Link](#))

Execution considerations

- For self-serve prepared food (restaurants and grocery/food retail): Determine if feasible to replace offering with pre-packaged options
- Consider repurposing space for high-demand categories with constrained shelf space (e.g. paper products) or to facilitate distancing in store
- Careful consideration should be undertaken for use of cosmetics testers, even in jurisdictions where these continue to be permitted; potential alternatives include: testers used on hands only, sanitized after each use, single-use samples, virtual demos

Whole Foods (US): All open prepared food areas closed / emptied



Ulta (US): CEO message announcing removal of all testers from beauty department ([Link](#))

A Message to Ulta Beauty Guests about the Coronavirus, from CEO Mary Dillon

With our guests, associates, and their families at the center of everything we do as a company, I'd like to take the time to address concerns about the novel coronavirus (COVID-19) and the steps we're taking in our stores, our corporate office, and our distribution centers to continue our focus on keeping people safe and healthy.

We're closely monitoring the situation and following guidance from public health officials and government agencies, including the Centers for Disease Control and the World Health Organization, so we can make ongoing assessments and stay in constant communication with our associates to provide information and guidance as developments unfold.

Associate care is always a top priority for us, and now more so than ever. In addition to our regular cleaning procedures, increased disinfecting measures are being added to all locations with extra attention to high traffic areas. For any guest wanting to use a tester or make a purchase, please ask an associate to assist you. In addition, GLAMlab, our virtual try-on experience in the Ulta Beauty App, is a great way to virtually try on products and test colors and shades.

For our beauty services, including hair, brow, and makeup services, hygiene is always a focus and we've implemented additional steps here as well. For guests who have services scheduled, we're happy to reschedule your appointment for a later date. We understand that some guests may be temporarily unavailable in certain areas; please check with an associate for more information.

Associate care is always at the core of our commitment. For all store, corporate, and distribution center associates, we continue to be flexible, continue to focus on prevention, and continue to encourage them to stay at home if they are not feeling well. Additionally, U.S. travel has been limited, and international travel restricted.

We understand this situation is top of mind for all of us right now. As circumstances continue to change, our goal is, and will continue to be, to provide a safe and welcoming destination for all guests and associates across our communities.

Mary Dillon
CEO, Ulta Beauty



Pricing, promotions, and markdowns: Five practices leading global retailers are pursuing in response to COVID-19

		Applicable to:		
		Essential	Non - essential	Restaurant
Drive demand	1 Review and modify promotion calendar to consider COVID-relevant 'themes'			
	2 Use promotions to stimulate demand in non-essential categories			
	3 Manage price perception across your portfolio			
Institute new approaches	4 Adjust promo approach to protect operating margin			
	5 Postpone seasonal assortment, decrease markdowns, & adjust buys			



Review and modify promotion calendar to consider COVID-relevant 'themes'

Context & rationale

- Promotions can be used to focus on consumer-relevant activities through the lockdown / restriction phase (e.g., home baking, family cooking), and drive meaningful connections with retail brands

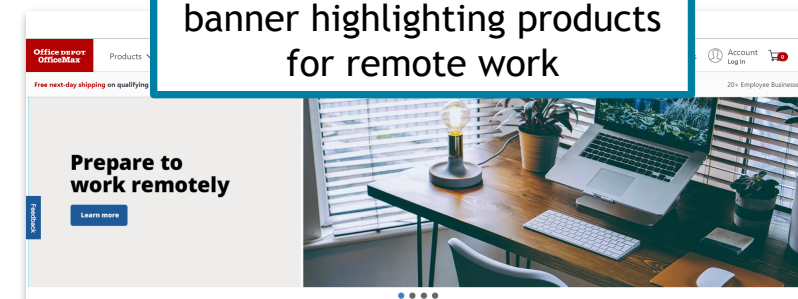
Examples

- Ceconomy (Germany):** Launched new campaign, provides discounts for product combinations including domestic use products, “home entertainment” and home office products ([Link](#))
- Ulta, BIC, Coca Cola (US):** All have recently contracted brand ambassadors / influencers through Obviously to produce content ([Link](#))
- McDonald's (Belgium):** Offered 500-piece burger puzzles as a prize in a contest, responding to the early surge in demand for puzzles as lockdowns began ([Link](#))
- Reebok (US):** Launched #ReebokLove campaign, where consumers could nominate heroes in their community - incl. delivery people, postal workers, and healthcare workers - to receive a free pair of shoes ([Link](#))

Execution considerations

- There may be some sensitivity from the public about taking advantage of COVID-19 for marketing - ensure that any ads run are truly relevant to customers
- Retailer examples thus far have focused on tangentially related themes such as 'home living' and 'cozy dressing' - avoiding mention of the pandemic directly ([Link](#))
- Relevant themes will vary over the course of re-opening and potential returns to lockdown, and may differ locally
- Review and update plans weekly, to incorporate new learnings and adjust for demand signals

Office Depot (US): Website banner highlighting products for remote work



Eataly (US): "One click to fill your pantry" bundles



Big Lots (US): Promoting health & wellness products





Use promotions to stimulate demand in non-essential categories

Context & rationale

- Given store closures and lower demand due to economic uncertainty, consumption has been subdued, particularly in many non-essential categories
- Carefully designed promotions to support store re-openings can influence customer behavior and help reactivate otherwise latent demand
- Some promotions can also bolster short-term cashflow (e.g. discounted gift cards)

Examples

- **Rainbow Fuel Stop (US):** Offering discount of up to 10 cents per gallon if paying cash to attract customers coming into the shop, driving higher-margin ancillary purchases ([Link](#))
- **Big Lots (US):** Providing coupons for in-store purchases to reduce strain on online ordering ([Link](#))
- **Bonefish Grill and Black Angus restaurants (US):** Launched gift card promotions ([Link](#))
- **Burger King, Cheesecake Factory, Firehouse Subs, and Olive Garden (US):** Offering deals to promote takeout and delivery ([Link](#))

Execution considerations

- Promotions should focus on categories where underlying consumption/use is likely to have remained strong, but - given availability & recent priorities - the decision to purchase has been delayed (e.g. apparel, discretionary foods), promoting these items to raise awareness is more likely to stimulate purchase than those where use has fallen
- As always, promotions should only be done with an eye to encouraging incremental visits, drive incremental basket/transaction activity, or maintain price perception
- Avoid promoting supply-sensitive items as further exacerbating supply shortages is likely to frustrate customers, while limiting sales
- If considering promotions to drive in-store visits, avoid promotions that lead to crowds (e.g. door crashers)
- Consider promotional events or days to drive demand once retail opens (e.g. Black Friday, Prime day, etc.)

Cracker Barrel (US): Promoting family meal baskets ([Link](#))



Panera (US): Gift card promotion ([Link](#))



20% Off Panera® Gift Cards*

For a limited time only, save 20% on Gift Cards when you buy online. Send a Panera Bread gift card and brighten someone's day, show appreciation to doctors and nurses working overtime, say thanks to a teacher giving classes online, treat Mom and Dad to a meal, or even keep some for yourself!



Manage price perception

Context & rationale

- In many categories, customers are becoming more price-sensitive given economic uncertainty - and reacting to perceived instances of price-gouging or unfair prices
- Due to retailer missteps early in the crisis (e.g. raising prices on key goods - [Link](#)), governments have closed in on price gouging & many retailers are wary of negative press associated with these instances
- Given the focused attention on prices, retailers should be wary of any pricing increases

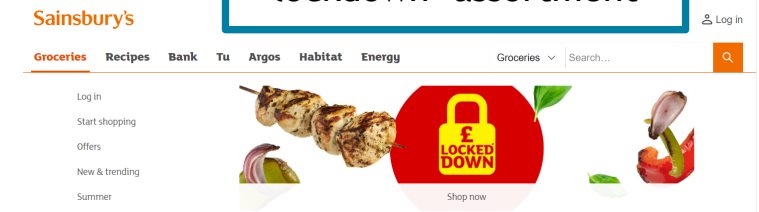
Examples

- **Walmart, Meijer, Rite Aid, Walgreens, Target, and others (US):** 15 major retailers voluntarily agree to maintain existing prices - generally all items ([Link](#))
- **SAQ (Canada):** Agreed with its suppliers to postpone retail price increases on wines and spirits normally planned for May ([Link](#))
- **Haidilao and Xibei (China):** Restaurant chains reversed price increases after customer reaction ([Link](#))
- **Del Taco (US)** Revamped dollar menu during pandemic ([Link](#))
- **Big Y Foods (US):** Instituted a price freeze on over 10,000 items as a way to help financially challenged customers ([Link](#))
- **Sainsbury's (UK):** "Price lockdown" assortment of essential items discounted for min. 8 weeks ([Link](#))
- **Tesco (UK):** £2 offers on fresh products ([Link](#))
- **ASDA (UK):** Price roll-backs across top selling SKUs ([Link](#))

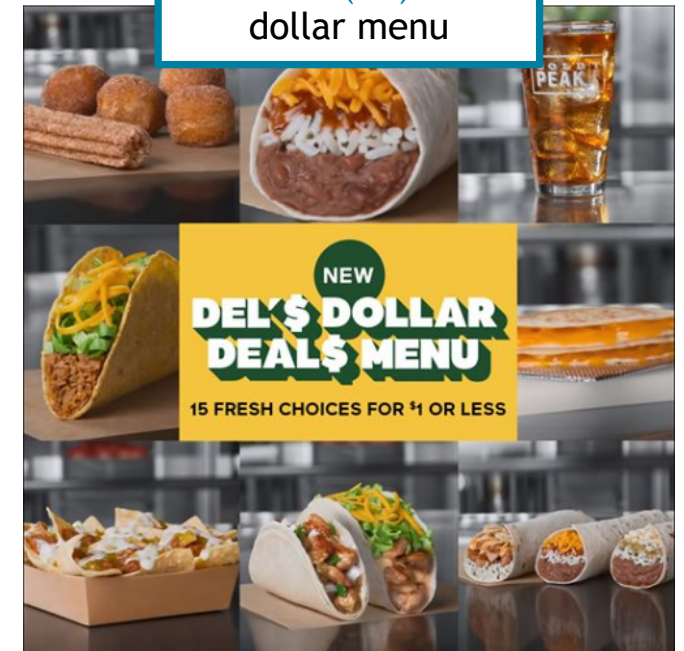
Execution considerations

- Be wary of any planned pricing increases, and consider pausing or adding additional validation to any algorithmically driven pricing systems
- Review all pricing changes (+/-) with a lens to the current environment and anticipated consumer response/perception
- Consider leveraging social media to monitor response to any price changes
- Maintain awareness of competitive regulations regarding permanence of price changes

Sainsbury's (UK): "Price lockdown" assortment



Del Taco (US): New dollar menu





Adjust promo approach to protect operating margin

Context & rationale

- Unprecedented demand volatility means old norms & practices defining which products were fast or slow and well suited to promotion no longer apply
- Given uncertain demand, scale of promotion should be adjusted to preserve margin, reduce in-store labour requirements & prevent further strain on the supply chain (where relevant)
- Given dramatic changes in consumer behaviour, traditional trip drivers & basket builders have likely changed; necessitating a change in promotion items as well
- Increased promotional intensity has been observed in many non-essential categories, placing downward pressure on margins
- Conducting promo optimization to reduce inefficient promos can improve margins, while enabling reinvestment to the most effective promos to help recover demand



Approaches to consider

Re-determine appropriate level of promo activity given new reality (if at all)

- Many items - such as 'Trip drivers' - unlikely to perform as effective promotion items given consumers' general aversion to trips in current environment
- Promotions generally drive incremental effort/touching in store & can further strain supply chain

Reduce in-store labour effort

- Increasing length of promos can reduce store labour required (e.g., lower frequency of tag changes) and also reduce business complexity (e.g., planning)
- Developing central signage with discount to be applied at check-out (vs. individual shelf tags or re-tagging items) can also help minimize labour and physical contact with the product

Promote 'basket builders' and high-margin products

- Enhancing in-store promo and discounts on tag-on SKUs, can help increase basket size
- Increased visibility can increase purchase of highest margin items (e.g., own brands if carried)

Implement iterative learning

- Controlled trials can be used to test new optimal promo parameters (elasticity, relative appeal)

Go digital

- Consider personalized promos to re-engage customers and foster cross-selling online to help reduce reliance on public promos; alternatively, tailor promos to different customer segments
- Consider 'digital only' promotions oriented to new customers

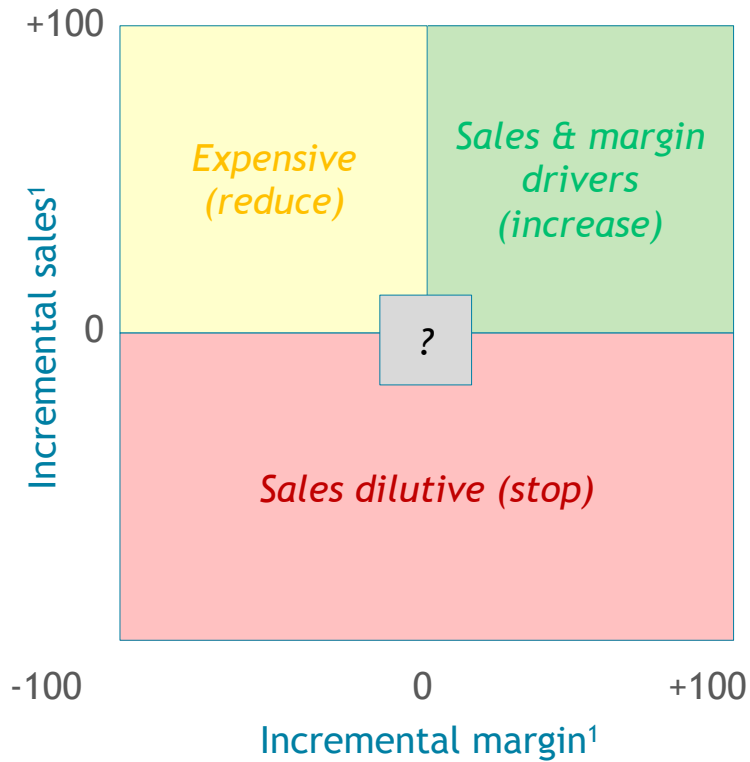


Managing promotion during COVID-19: A simple framework

Retailers must ensure fundamentals of promotions still hold true, then screen for new realities

Reassess incrementality of promotions in new environment and continue to prioritize sales & margin drivers

Confirm sales & margin driving promotions will be compatible with current environment



Will this promotion drive larger baskets? (be wary of incremental trips/traffic)



Can it be done without inducing material incremental strain on the supply chain?



Can in-store employees safely & efficiently execute the promotion?

1. Incrementality must include measure of impact on entire basket size & trip count.



Postpone seasonal assortment, decrease markdowns & adjust buys

Context & rationale

Apparel, footwear, and other seasonal retailers face 5 challenges as stores re-open:

1. Significant stock on-hand, with Spring/Summer inventory mostly unsold and Fall/Winter orders already in place
2. Short recovery window, with less <1/2 typical time left to sell Spring/Summer season, assuming re-opening by June
3. Limited and less elastic demand, given lower anticipated consumer demand given reduced discretionary spending
4. Cash shortages, having paid for Spring/Summer collections while still needing to pay for next season
5. Need to free-up space in stores to introduce new Fall/Winter collections and further minimize losses

Key considerations for retailers

Maintain the season:

- Is it feasible to extend the seasonal calendar?
- Is it feasible to postpone part of the Spring/Summer 2020 assortment into the next season?

Increase sales & margin:

- Can we bias channel/store mix to more active channels?
- Can seasonal markdown discounts be reduced?

Manage inventory:

- Can Fall/Winter 2020 and Spring/Summer 2021 buying targets be reduced?
- Is there available space to accommodate extended seasonal inventory?

Examples

Extend Spring/Summer seasonal selling period to allow more time for full price sell-through

- **Chanel:** Will keep SS20 ready-to-wear collection in stores for longer, future collection to arrive in July (instead of May)

Continue to sell parts of Spring/Summer assortment during following seasons

- **Balenciaga** states that its spring show collection will become part of the fall 2020 collection

Shift inventory to stores with stronger demand; consider transferring inventory to DC's to re-deploy based on store re-openings and sell-through

Based on narrower end-of-season assortment, potential to de-average markdowns and focus discount investments on select items

Edit future seasons assortment, given that prior season assortment will continue to be sold

Hold in DC's, if space in DC's and stores not sufficient, consider selling inventory to off-price retailers

- **PVH** considers holding Tommy Hilfiger & Calvin Klein spring & summer collections until future seasons to avoid selling at massive discounts



Advertising & communications: Five practices leading global retailers are pursuing in response to COVID-19

		Applicable to:		
		Essential	Non - essential	Restaurant
Optimize spend & tactics	1	Optimize marketing budgets and shift spend to most relevant channels & formats		
	2	Communicate re-opening, including new health & safety practices		
Communicate re-opening & drive traffic	3	Use new product launches and special editions to drive traffic to stores		
	4	Consider alternative approaches to customer outreach		
Support community	5	Support and highlight CSR initiatives		



Optimize marketing budgets & shift spend to most relevant channels & formats

Context & rationale

- Rapid shift of consumer behavior due to prolonged lockdown has changed media consumption habits toward digital channels
- Consumers are adjusting shopping behavior (e.g., increased online adoption, category preferences), values (e.g., more focused on sustainability, society and wellness), and lifestyle (e.g., home-centered lives, focus on hyper-local)
- Many companies are reducing traditional TV & Print advertising and re-allocating funds towards digital formats, in many cases shifting from media to content generation

Examples

- **Perfect Diary (China):** Overall 2020 Q1 marketing spend reduced ~30% vs. original budget (-50% offline and -20% online, prioritizing historically high digital media ROI) ([Link](#))
- **Adidas (China):** Launched "Adidas Original x Tmall Super Brand day" and "Live Streaming Week" in Feb., shifting from a 10-day offline event to 5-day online event live-streamed to more than 2M people, with Adidas Tmall sales reaching 200M RMB in first 10 hours on Feb. 21 ([Link](#))
- **Hy-Vee (US):** Offering a free fitness program for kids as schools remain closed due to the coronavirus pandemic - will release 15- to 20-minute videos seven days a week ([Link](#))
- **Popeyes (US):** Launched a "Fried Chicken N Chill" campaign, offering to give out login information to the company's Netflix account so customers can enjoy the streaming service with their at-home fried chicken orders ([Link](#))

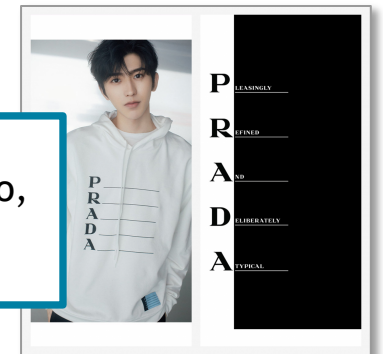
Execution considerations

- Repurpose low ROI marketing spend to different channels / initiatives - esp. digital
- Review and update marketing plan, assessing portfolio wide impact
- Pause media spend in geographies and categories where inventory is challenged, and redeploy online or on other products
- Revisit traditional B&M vs. E-Comm-oriented marketing mix given elevated consumer bias to online and potential for staggered store re-openings across provinces
- Evaluate new capabilities required to succeed, given acceleration of current trends: digitization, casualization, and personalization



REWE (Germany): Facebook & Instagram posts with content to engage customers spending more time at home

Prada (China): Launched campaign over WeChat, Weibo, and Douyin; leveraged influencers ([Link](#))



Chipotle (US): Hosting series of daily 'Chipotle together' sessions via Zoom with celebrity guests



Communicate re-opening, including new health & safety practices

Context & rationale

- Customers may be unaware of store re-openings in the absence of communication, given that many retailers have chosen to remain closed or modify their opening hours, during initial days/weeks of permitted re-opening
- In addition, customers may be reluctant to visit stores, without knowing the extent that health and safety practices have been adopted
- Digital communication has proven the best way to reach consumers during re-opening in many countries

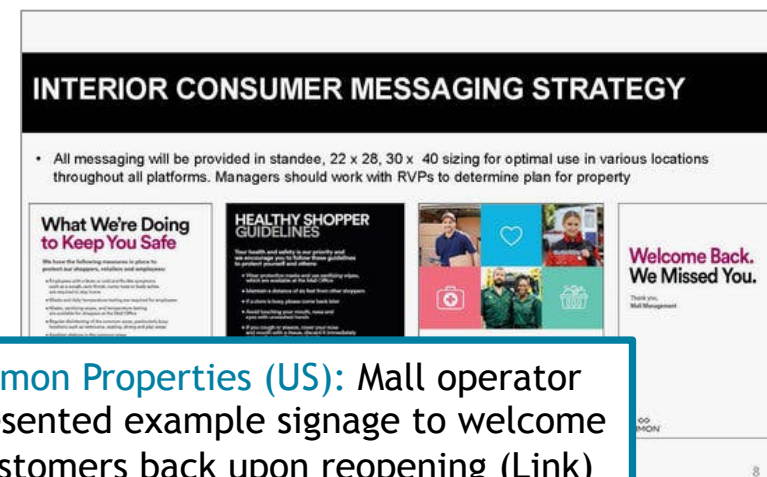
Examples

- **Carrefour, Mercadona, Tesco (Europe):** Retailers issuing statements of public assurance to customers that there is no risk of shortage in the supply-chain ([Link](#))
- **H-E-B (US):** Released video to customers showing a fully stocked warehouse, cautioned against panic buying ([Link](#))
- **Coles & Albert-Heijn (Australia, The Netherlands):** Some flyers are outlining specific health and safety measures being taken, by the store as well as guidelines for customers ([Link](#); [Link](#))
- **Taco Bell (US):** Newest campaign shows brand fans embracing the drive-thru process including sticker-sealed bags (new norm during COVID-19) ([Link](#))

Execution considerations

- Tactfully (but visibly) highlight safety procedures to create confidence without hurting enjoyment and re-assure customers of availability
- If re-opening part of store network, clarify which specific locations and opening hours

Aldi (US): Instagram post with health & safety updates



Simon Properties (US): Mall operator presented example signage to welcome customers back upon reopening ([Link](#))



Use new product launches and special editions to drive traffic to stores

Context & rationale

- While marketing and in-store experience and support demand re-activation, unique product is often the most compelling reason for a shopping trip
- New product launches have the potential to re-engage loyal and lapsed customers

Examples

- **SKP Beijing (China):** Hosting pop-up stores that will bring in brands that are extremely rare in China as well as limited-edition collaborations that will only be available at the physical stores ([Link](#))
- **Hermès (China):** Shipped in rare bags for the reopening day of its flagship store in Guangzhou's Taikoo Hui; it is said to have brought in at least \$2.7 million in sales that day ([Link](#))
- **Swarovski (China):** Launched 125 year anniversary celebration and collection ([Link](#))

Execution considerations

- Limited edition products or limited availability can drive a sense of immediacy
- Use product launches / exclusivity strategically to drive traffic to the channel with excess capacity (may be online or in-store) - and if driving traffic to stores and anticipating major response, prepare ahead of time with additional social distancing measures and security
- Use in conjunction with employee outreach to service customers that might still be reluctant to visit store locations



Adidas (China): Debuted exclusive sneakers on Tmall live stream, known as "See Now, Buy Now" - as livestreams continue to gain momentum in China ([Link](#))



Consider alternative approaches to customer outreach

Context & rationale

- With consumers indicating they will take fewer trip to stores, even once re-opened, retailers should consider alternative approaches to catering to customers in-store
- Retailers should prioritize personalized outreach to high value customers

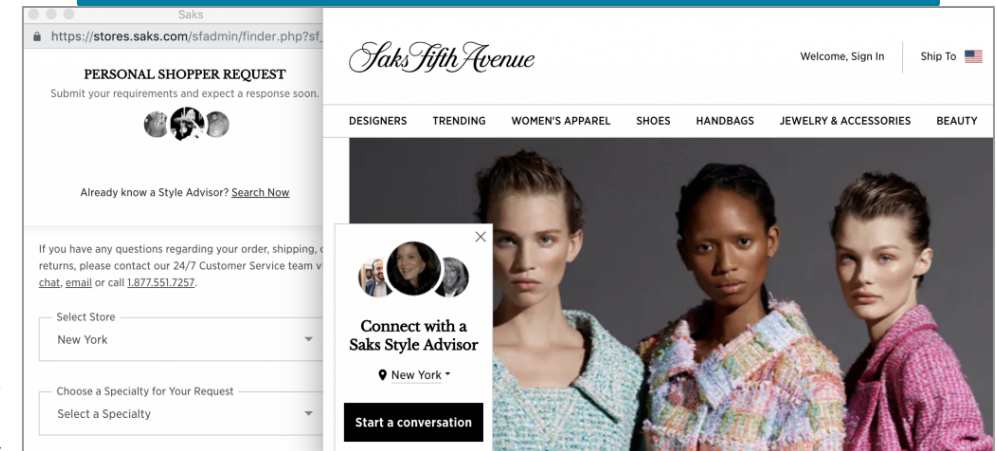
Examples

- **Gucci (China):** Deploying highly targeted messages & guidelines to store associates in China (e.g., special messages to Chinese students returning from overseas studies due to COVID-19)
- **Neiman Marcus and Saks Fifth Avenue (US):** Leveraging Salesfloor program to enable stylists and personal shoppers to check in with clients, driving online sales ([Link](#))
- **Bandier (US):** Intends to re-purpose in-store sales associated to discuss products with customers over the phone, and ship the products to customers' homes for at-home try on ([Link](#))

Execution considerations

- Ensure store associates contacting customers are enabled and have sufficient information to tailor their approach (e.g. contact information, purchase history, product images, etc.)
- Enable store associates to clientele during “idle time” when instore traffic is low and/or from home (may vary based on contract and labour regulations)
- If establishing customer contact for the first time, ensure a central system is used to track outreach to avoid duplication of effort between employees

Saks (US): Website includes portal for customers to connect with sales associate, or contact a specific advisor they are already familiar with





Support and highlight CSR initiatives

Context & rationale

- Social impact initiatives during crisis not only critical to supporting the communities in which we operate, but can also support brand image amongst customers & motivate employees

Examples

- **Sainsbury's (UK):** Donated £3m to the leading food aid charity FareShare and pledged to make its surplus produce available to the group for distribution, so struggling food banks can get more of the supplies they need ([Link](#))
- **Walmart (US):** \$10 million donated to nine organizations that support food banks, schools and senior meal programs ([Link](#))
- **El Corte Inglés (Spain):** Donated 50 mattresses and other essential items to make-shift hospital ([Link](#))
- **Gap, Eddie Bauer, UNIQLO, Brooks Brothers and Canada Goose (North America):** Using facilities to make protective medical equipment ([Link](#))
- **Auchan and Leroy Merlin (France):** Plan to turn a Romanian warehouse into a field hospital for COVID-19 patients
- **Aldi (UK):** Created limited edition doctor and nurse Kevin the Carrot to raise funds for NHS ([Link](#))
- **Costco (US):** Gave first responders and healthcare workers priority admittance into their warehouses ([Link](#))

Execution considerations

- Initiatives should ideally have a logical connection with the core business and/or local community, leveraging natural strengths and or resources available to the retailer
- Apply social listening, where available, to monitor customer sentiment; adjust actions and messaging as needed

Sainsbury's (UK):
Donated to food aid charity FareShare



Rag & Bone (US):
Creating face masks,
with \$5 from each sale
being donated





Store operations: Five practices leading global retailers are pursuing in response to COVID-19

		Applicable to:		
		Essential	Non - essential	Restaurant
Adjust operating procedures	1 Implement staged re-opening across store network to test business model			
	2 Continue to re-evaluate operating hours vs. pre-COVID baseline			
Adapt the workforce	3 Design flexible labour model - re-define role scope, cross train, and develop tactical demand-based guardrails for managers to flex labour			
	4 Split workers into distinct shifts to minimize labour risk (e.g. 'A' and 'B' groups)			



Re-evaluate operating hours

Context & rationale:

- Many essential retailers have chosen to reduce operating hours, to allow for more time for cleaning between shifts and breaks for staff
- Non-essential retailers and restaurants, too, may reduce operating hours to allow for gradual re-opening, time for enhanced cleaning, and controlling labour costs given uncertain demand

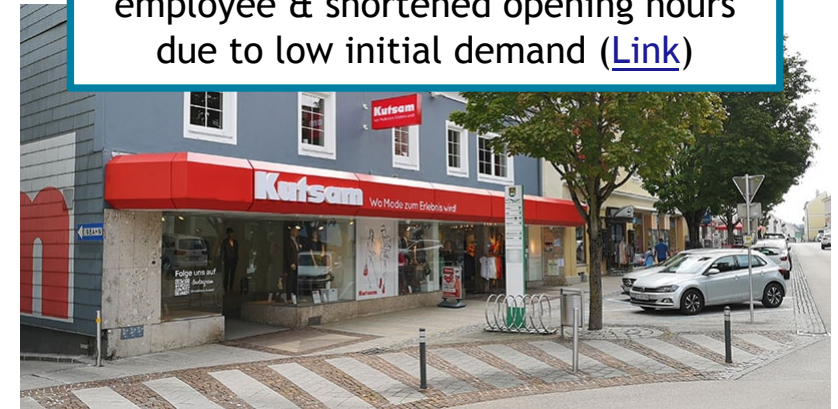
Examples:

- **Walmart (US):** Stores and Neighborhood Markets open 6am to 11pm until further notice (typically open 24 hours) to allow re-stocking of shelves ([Link](#))
- **Malls (United Arab Emirates):** Regulations mandate malls can be open for a maximum of 10 hours per day (reduction vs. pre-COVID operations) ([Link](#))
- **Gap Inc. (US):** Re-opening with reduced hours and actively monitoring the flow of customers in stores ([Link](#))
- **Costco (US):** As of the beginning of May, returning to regular operating hours ([Link](#))

Execution considerations:

- Consider evaluating hourly customer traffic data during initial re-opening - are customers concentrated in certain time periods? Are these during the workday, or early in the morning / later in the evening?
- Delayed start-time could give employees time to commute, while avoiding potential surge times for public transit
- Some small / specialized retailers are moving to appointment-only model
- Many retailers are considering continuously re-evaluating operating hours in the context of emerging customer consumption patterns and store profitability
- Note: Shift to work-from-home has dramatically increased flexibility in shopping hours for many consumers, flattening traditional traffic curves as consumers have more capacity & desire to shift their visit to avoid peak traffic periods

Kutsam (Austria): Operating with 1 employee & shortened opening hours due to low initial demand ([Link](#))



Mango (multiple countries): Limited opening hours during re-opening in Europe to manage 'extraordinary' hygiene measures ([Link](#))





Design flexible labour model - incl. broadening scope of roles, cross-training

Context & rationale:

- Evolving consumption patterns as well as new safety requirements will necessitate new working model for retail employees - involving new responsibilities and skills
- In-store staffing needs may be lower than pre-COVID for certain roles (e.g. fewer cashiers as some registers remain closed) or higher for others (e.g. in-store employees to direct customers, re-stocking, extra cleaning, etc.)
- Certain categories will be in higher demand - requiring shifts in staffing levels for specific departments in larger retailers (e.g. cosmetics, fashion)
- Employee absenteeism is also a greater risk vs. pre-COVID levels, and employee agility can support business continuity

Examples:

- **Cosmetics retailer (China):** Trained 1,600 employees (formerly in-store associates) to host livestreams during shutdown - increasing sales by 45% vs. prior year ([Link](#))
- **John Lewis & Waitrose (UK):** Transferring 2,100 staff from non-grocery to grocery section of store ([Link](#))
- **Sainsbury's & ASDA (UK):** Closed in-store cafes and delis to transfer resources to re-stocking shelves and delivery network ([Link](#))
- **Retailer (China):** Re-organized supply and purchasing teams to expedite product time to market and onboard new suppliers; each supplier has a dedicated buyer for essential products and have a leadership role involved in bringing new products onboard (down to 0.5 days)
- **Bank of America (US):** Re-allocated 3,000 employees into positions where they would be handling calls from consumer and small businesses ([Link](#))
- **Vuori (US):** Re-deployed in-store associates to marketing, customer service, and product, and provided training modules ([Link](#))

Execution considerations:

- Many retailers are re-thinking store operations and re-designing staff schedules & roles
- As the situation is not static, retailers should invest in building transparency into staffing & store traffic by the hour, and build schedules & roles to provide flexibility to adjust accordingly as the recovery unfolds over time and differently by province
- Many retailers designing tactical guardrails and thresholds to guide store managers on how to think about staffing (e.g. based on foot traffic to stores per hour, sales per period, scope of tasks taken on by staff)
- As roles are changing, retailers should consider developing detailed training programs and standard operating procedures for employees and managers, especially covering safety, cleaning, PPE, etc.



Split workers into 'A' and 'B' groups

Context & rationale:

- Workforce continuity is key to resuming 'business as usual' operations - both for customer-facing workers and those in production facilities
- Given the high transmission risk of COVID-19, some retailers have chosen to reduce risk by splitting workers into distinct shifts - with no overlap with one another - so that if there is an outbreak in one group, the other group will be able to continue to work

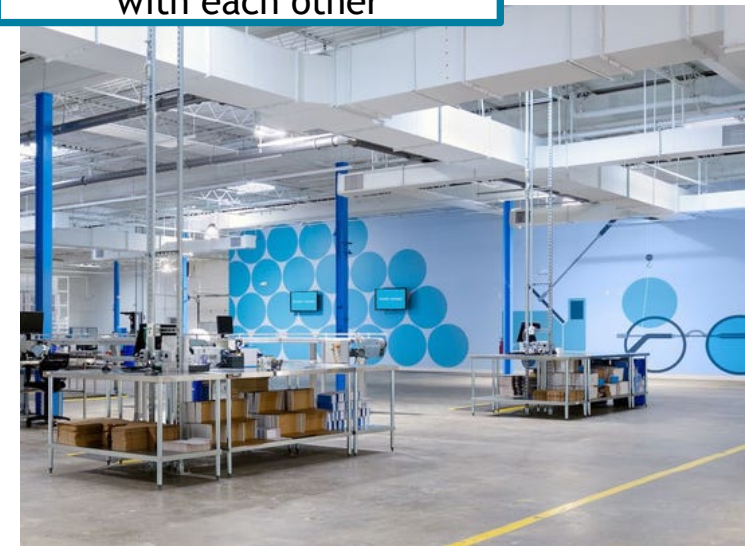
Examples:

- **Restaurant (Hong Kong):** Testing strict A and B shifts to minimize risk of transmission ([Link](#))
- **Warby Parker (US):** Workers are split into two distinct groups at the production facility - the groups have no interaction with each other, and access the facility via separate entrances ([Link](#))
- **Amazon (US):** Staggered beginnings of shifts and breaks to minimize proximity ([Link](#))
- **Schools (Denmark):** Primary school classes have been split into multiple groups, with each small group staying with a teacher for the full day rather than rotating ([Link](#))
- **Ford, GM, FCA (US):** Implemented rotating shifts in production plants before shutdown ([Link](#))
- **Deutsche Bank (Germany):** Operating globally in split teams as of mid-March in response to rise in confirmed infections ([Link](#))

Execution considerations:

- Retailers should consider that this model may increase costs as more employees may be needed and model will reduce flexibility for employees
- Many observed models for implementing A/B system: working in distinct shifts, alternating days of work, simultaneous work but implementing physical barriers in the business, etc.
- Retailers should consider full cleaning of communal areas after each shift to reduce the risk of infection
- Consider developing back-up plans to hire additional workers in case one 'team'

Warby Parker (US):
Workers split into A & B
teams with no interaction
with each other





Customer screening: Six practices leading global retailers are considering in response to COVID-19

		Applicable to:		
		Essential	Non - essential	Restaurant
Assess COVID-19 symptoms	1 Conduct temperature checks on customers			
	2 Verbally triage customers on entry for risk factors before store entry			
	3 Set up signage and store communication asking customers to stay home if feeling unwell/displaying any symptoms			
Reduce risk of transmission	4 Provide hand sanitizer at key entrances/exits			
	5 Require customers to wear PPE (masks/gloves), as needed			
	6 Ensure vulnerable/elderly are supported via access to priority online delivery slots, dedicated store hours, or other measures			



Verbally triaging customers at entrance

Context & rationale

- Similar to temperature checking, verbal triage by an employee can give retailers the ability to reduce risk of COVID-19 spread to both customers & employees
- Key symptoms of COVID-19 from Health Canada can be found here ([Link](#))

Examples

- Some players are carrying out verbal screening at entrances:
 - Have you travelled in past 14 days?
 - Have you been in contact with someone who has travelled in past 14 days?
 - Are you showing symptoms of COVID-19?
 - Have you been in contact with someone who is showing symptoms of COVID-19?
 - Are you waiting for test results?
- Customers that are seen to be high risk are asked to return home and use a delivery service or a friend/relative to procure groceries

Execution considerations

- Train employees on standardized triage questions and appropriate response to customers, including suggesting isolation and/or medical consultation
- Be conscious of privacy—and where possible avoid triage in groups
- Similar to other screening measures, verbal triage is best executed prior to entry into the store/restaurant to reduce transmission risk

HELP REDUCE THE SPREAD OF COVID-19

TAKE STEPS TO REDUCE THE SPREAD OF THE CORONAVIRUS DISEASE (COVID-19):

- follow the advice of your local public health authority
- wash your hands often with soap and water for at least 20 seconds
- use alcohol-based hand sanitizer if soap and water are not available
- avoid close contact with people who are sick
- cough and sneeze into your sleeve and not your hands
- stay home as much as possible and if you need to leave the house practice physical distancing (approximately 2 m)

Health Canada: Symptom guidance

SYMPTOMS

Symptoms of COVID-19 may be very mild or more serious and may take up to 14 days to appear after exposure to the virus.

- FEVER** (greater or equal to 38°C)
- COUGH**
- DIFFICULTY BREATHING**

IF YOU HAVE SYMPTOMS

- Isolate at home to avoid spreading illness to others.
- Avoid visits with older adults, or those with medical conditions. They are at higher risk of developing serious illness.
- Call ahead before you visit a health care professional or call your local public health authority.
- If your symptoms get worse, contact your health care provider or public health authority right away and follow their instructions.

FOR INFORMATION ON COVID-19:
 1-833-784-4397 | canada.ca/coronavirus

Public Health Agency of Canada / Agence de la santé publique du Canada | Canada

Signage & communication on COVID-19 symptoms

Context & rationale

- Signage on COVID-19 symptoms is a recommended guideline in several countries and required by law in others (e.g., Austria)
- Signage and communication on COVID-19 symptoms provides another avenue for customers to reflect on travel history or their symptoms and avoid entering stores if they are exhibiting symptoms - ultimately making them feel more safe

Examples

- **Co-op (Italy):** Issued detailed communications to customers covering best practices around three key stages (before shopping, in-store and once back at home) ([Link](#))
- **Kroger (US):** Posted signs at entrances notifying customers to stop if they are sick and ask them not to enter their stores ([Link](#))
- **Other retailer tactics:**
 - Increased communications to reassure customer base and promote new safety measures, e.g., via video

Execution considerations

- Ensure signage and PA announcements meet the requirements as laid out by local regulations and provide the latest guidance from Health Canada
- Ensure signage is placed at the entrance, is visible, draws attention and is readable
- If using in-store PAs, make announcements frequently so customers are informed as soon as they enter the store

Grocer (Canada): Customer triage via signage

Dear Customers,

Our priority is keeping our customers and employees safe and healthy and providing a stable food supply.

If you answer yes to any of the following questions, please respect our staff and other customers and do not enter the store.

If you are feeling unwell with any of the following symptoms:

- Fever, new cough, or difficulty breathing (or a combination of these symptoms)?
- Muscle aches, fatigue, headache, sore throat, runny nose or diarrhea?
Symptoms in young children may also be non-specific (for example: lethargy, poor feeding).

Or have you experienced any of the following:

- Have you travelled outside of Canada in the last 14 days?
- Does someone you are in close contact with have COVID-19 (for example: someone in your household or workplace)?
- Are you in close contact with a person who is sick with respiratory symptoms (for example: fever, cough or difficulty breathing) who recently travelled outside of Canada?

Or are you required to self-isolate for any other reason?

If you did answer yes to any of these questions, we are temporarily offering a pickup service and a delivery service. Please email orders@summerhillmarket.com for more information.

We are also encouraging customers to do the following:

- Use the hand washing sink provided or the hand sanitizer just before the second door when entering the store
- Please practice social distancing and provide space of 1m between yourself and other customers and employees of our store
- Please only send one person per household to do your shopping as we will be limiting the number of people allowed in the store.
- Please limit your number of shopping trips per week where possible.

Thank you for your support and patience during this time.

Hand sanitizer at entrance and exits

Context & rationale

- Providing avenues for customers to quickly disinfect their hands reduces the risk of transmission to both other customers and employees
- Beyond health benefits, highly appreciated by customers, with 84% of Canadian consumers indicating this makes them more likely to visit a particular store
- Highest impact for customers if they are able to apply sanitizers immediately after touching store surfaces and products

Examples

- Many stores have hand sanitizer outside the door with a polite note asking all shoppers to apply sanitizer before entering and after exiting
- Provides hand sanitizers to all customers at store entrances ([Link](#))
- Offers hand sanitizers to all customer at store entrance and exits
- Customers' hands sprayed with disinfectant upon entry

Execution considerations

- Set up new supply relationships to reliably procure sanitizers for in-store use
- Ensure sanitizers meet Health Canada requirements (must have Drug Identification number)
- Place sanitizers at entry and exit to allow customers to clean hands before and after touching store surfaces, and anywhere in store where contact with frequently touched surfaces may occur
- Where possible, use automated 'touchless' dispensers vs. bottles to increase hygiene and avoid theft

Grocer (UK):
Disinfectant at store
entry



Personal protective equipment requirement for customers

Context & rationale

- Wearing PPE reduces the risk of transmission by limiting direct contact with surfaces
- Masks help prevent the spread of fluids/droplets from the wearer to others, limiting healthy individuals from contracting any fluids from the wearer ([Link](#))
- Masks for general public generally not certified to protect the wearer from COVID-19 transmission (beyond medical-grade masks such as the N95 respirator)
- Government has encouraged the public to save medical-grade masks for healthcare workers

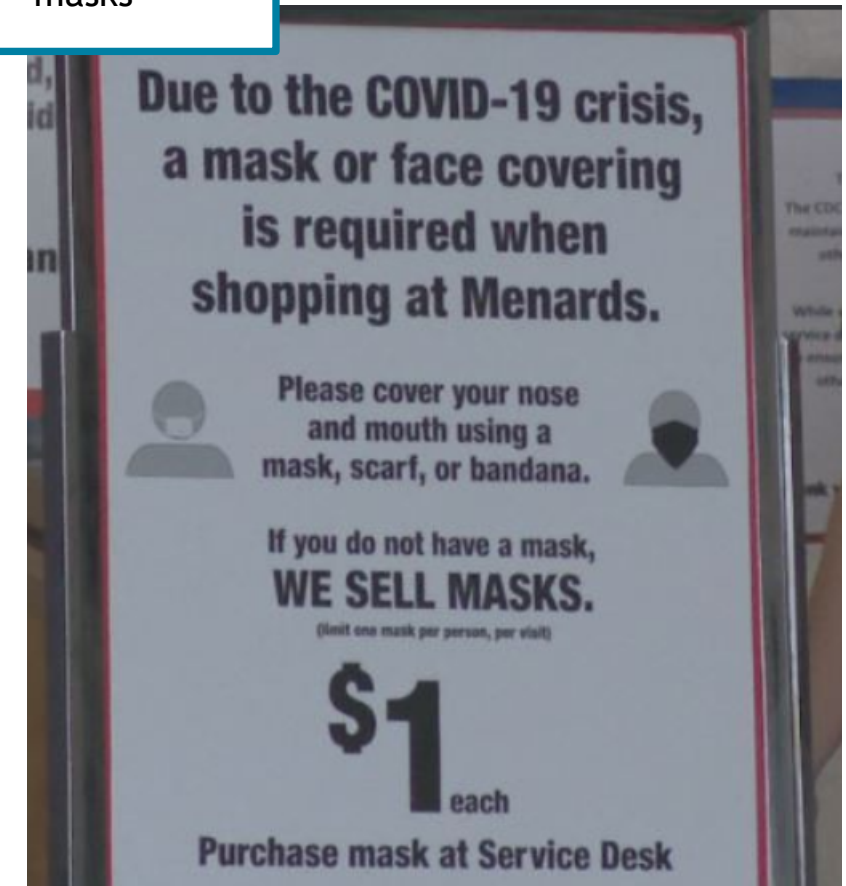
Examples

- **FairPrice (Singapore):** Limited number of people in its stores and urges shoppers to wear masks ([Link](#))
- In many countries, masks are either recommended (e.g., [USA](#), [Germany](#)) or required for customers in all enclosed public spaces (e.g., [Vietnam](#), [Austria](#))
- **Stop & Shop & other small retailers (US):** Asked customers to wear masks ([Link](#))

Execution considerations

- Consider making mask usage voluntary and promote the use of masks, especially in types of retail locations where social distancing is difficult (e.g., small store locations)
- Be clear, as in example signage, that masks for the general public may be home-made - e.g. scarves, bandanas, fabric masks
- Ensure sufficient signage at entrance to inform customers of change in policies
- Follow Health Canada and local guidelines to determine if masks are mandatory or voluntary. In most jurisdictions in Canada, masks are not required at this time

Mass Retailer (US):
Requiring use of
masks





Social distancing: Six practices leading global retailers are considering in response to COVID-19

		Applicable to:		
		Essential	Non - essential	Restaurant
Limit number of customers	1 Limit the number of customers / diners	Yes	Yes	Yes
	2 Use drive-through or click & collect mechanisms to serve customers outside the store	Yes	Yes	Yes
Change shopping behaviour in store	3 Implement de-centralized ordering systems (vs. central hub / touch screen)			Yes
	4 Change layout to limit customer & employee interactions (incl. one-way flow)	Yes	Yes	Yes
	5 Place signage in key areas to ensure customers are socially distancing	Yes	Yes	Yes
	6 Use technology to enforce social distancing policies	Yes	Yes	



Limit the number of customers

Context & rationale

- Emerging global best practice to limit the total number of individuals within the store at any one time
- Close contact with a symptomatic or asymptomatic patient is a known cause for the spread of COVID-19, limiting people in stores allows customers to more easily exercise social distancing
- Some countries and provinces have already put guidelines on number of people that are allowed within the store (e.g. Saskatchewan has guidelines of max 1 person per 4 m² of retail space)

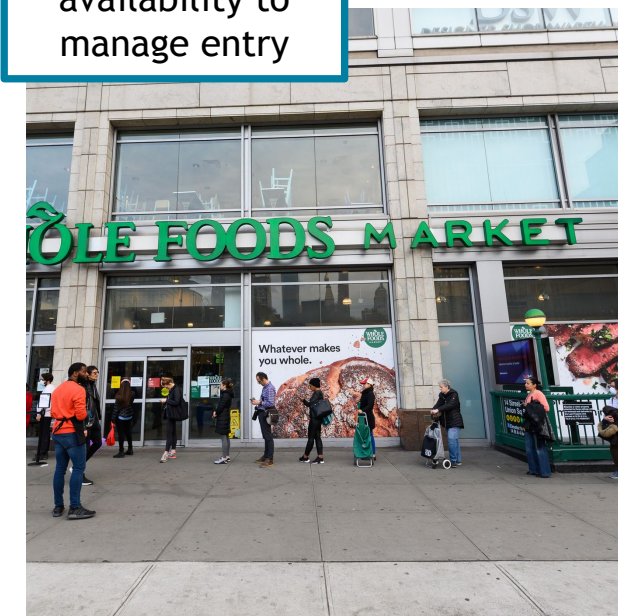
Examples

- Shopping cart mandatory with limits on number of available carts/baskets per store, if a shopping cart or basket is not available then customers may not enter store ([Link](#))
- Limiting number of customers to number of available carts/baskets
- Access to stores limited to those who are alone ([Link](#))
- Regulations limit parking (25%-50% of usual capacity available) and max. 30% occupancy in mall's common & gross leasable areas to limit customers ([Link](#))
- Piloting a Stop/Go traffic light system to manage flow of customer traffic ([Link](#))

Execution considerations

- Follow local guidelines on the max. number of people in store; where local guidelines are not available, consider international best practices (Germany & Switzerland suggest 1 customer per 10 m²/108 sqft)
- Consider carts, baskets and/or dedicated employees to manage count and flow of customers, where appropriate sanitize cart/basket at hand-off to waiting customers
- Maintain social distance in store access queues, consider ground markers for line & providing visibility to estimated wait time
- Smaller retailers: Consider locking entries, train employees to grant access only after they have served and ushered a customer out of the store

Grocer (US):
Using cart
availability to
manage entry





Drive-through and click & collect mechanisms

Context & rationale

- Given customer risk of transmission of COVID-19 in confined spaces, critical to provide alternative arrangements for customers to shop at retail stores - incl. drive though / collection methods
- Public health authorities have issued clear guidance that remaining outdoors can lower risk of transmission given air circulation

Examples

- Introduced drive-thru shopping in select stores, which allows shoppers to get limited products without leaving their cars; the service is different than click-and-collect as shoppers do not need to pre-order ([Link](#))
- Closed stores and offered curbside pick-up ([Link](#)) ([Link](#))
- Used text messages for click and collect in some areas
- Tobacco shops serving customers on the street, while opticians making part of store accessible, asking customers to ring a bell to enter ([Link](#))
- Increased click-and-collect capacity to support higher demand ([Link](#))
- Some plan to implement curbside pick-ups ([Link](#))

Execution considerations

- Consider optimizing store front, curbside & parking areas for increased click & collect capacity & speed: dedicated lanes, parking spots & support staff
- Factor in additional costs from hiring staff to support click & collect policies; additional technology costs may also be necessary for website/app development
- Careful consideration is required for maximum number of orders per hour to avoid back-log of employees fulfilling orders

Electronics retailer (France):
Click and Collect counter
outside ([Link](#))





Layout changes

Context & rationale

- Changing the layout of the store will help limit the number of interactions between customers and employees and may provide increased sense of safety to customers
- Close contact with individuals with COVID-19 is one of the primary causes of spread of the virus so efforts to promote social distancing will be key in reducing transmission risk

Examples

- One dedicated entrance to help monitor customer flow; floor decals at checkout lines inform customers on appropriate distance requirements ([Link](#))
- Added single-direction aisles to stores in the U.S. and Canada ([Link](#))
- Installed floor markers to space out customers and re-thinking store design amid social distancing
- Cleared aisles to widen access and ensure customers can maintain distance

Execution considerations

- Critical for stores to think about flow of traffic through the store and change store layouts to avoid congestion - incl. considering spacing out products in high-demand categories
- One-way aisles are best practice in ensuring customers keep distance from each other
- Consider removing any chairs from store-fronts to avoid customers from congregating
- Use pallets/moveable displays strategically to separate directional flow of customers
- Where feasible & not pre-existing, create dedicated entrance & exits to facilitate flow

Grocer (US): One-way aisle system





Signage around stores

Context & rationale

- Critical to inform customers about the need to socially distance at stores so they are aware of store policies without ambiguity
- Clear floor markings on required minimum distance helps to ensure rules are easy to follow

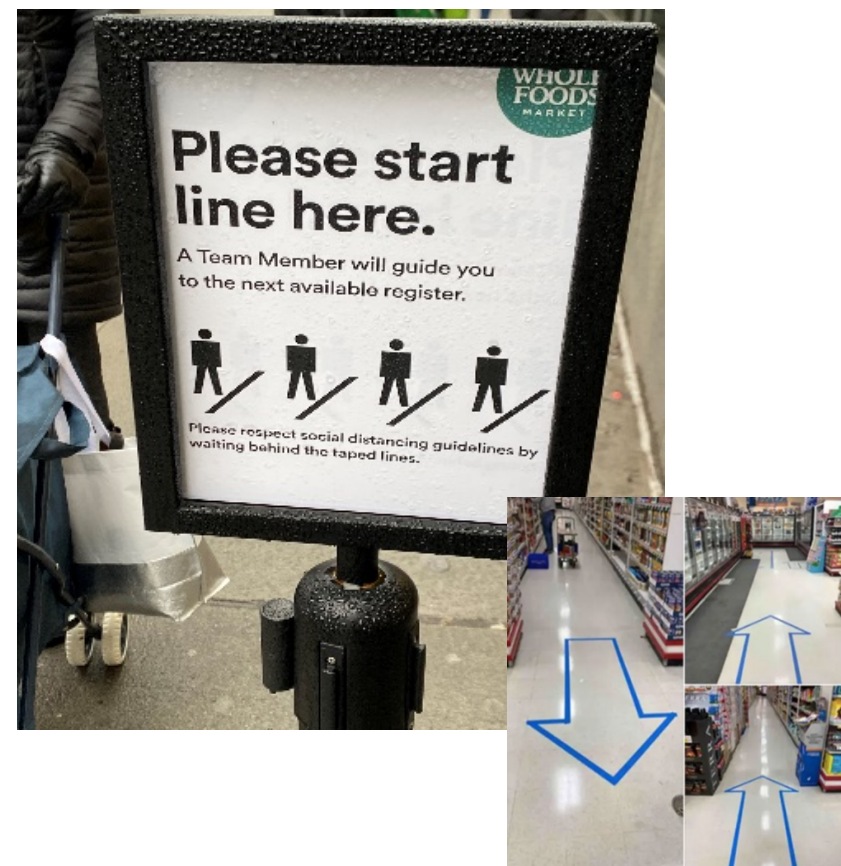
Examples

- Introduced system of floor markings to help customers follow social distancing ([Link](#))
- System of pavement markings for customers waiting to enter store, no entry unless minimum distance observed ([Link](#))
- Added single-direction aisles with floor markings to stores in the U.S. and Canada ([Link](#))

Execution considerations

- Ensure that signage follows local guidelines and restrictions on required distance between individuals
- International guidelines for distance between individual varies from 1 meter (Italy, China, Austria) to 2 meters (Canada, Switzerland and Czech)
- Ensure signs are legible (i.e. appropriate font size) and visible (placed in open areas)
- Ensure floor markings follow a logical path through the store to prevent customers from assembling in any one area

Grocer (US): Floor markings & social distancing guidelines





Checkout & payments: Three practices leading global retailers are considering in response to COVID-19

- 1 Encourage methods to reduce risk of transmission during **payment** (e.g., cashless)

- 2 Temporarily **discourage re-usable bags** and ask customers to **pack their own products** (incl. for restaurant leftovers)

- 3 Close every second check-out /cash counter

Applicable to:

Essential	Non - essential	Restaurant



Contact-less payments

Context & rationale

- Payment often requires contact with cash from customer to employee and vice-versa, increasing the risk of transmission
- While there is some disagreement between experts on whether cash payments pose a risk from COVID-19 ([Link](#)) or not ([Link](#)), in the absence of concrete evidence, best practice is to promote the use of cashless & touchless payment, where possible, while continuing to accept cash

Examples

- Cash-handling being reduced, customers requested to pay by card or smartphone ([Link](#))
- Some went cash-less before shut-down ([Link](#))

Execution considerations

- In Canada, businesses and consumers must agree on the form of payment, giving retailers the option to disallow cash payment ([Link](#))
- Bank of Canada recommends not completely disallowing acceptance of cash as it impacts the vulnerable population that do not have access to credit or debit cards
- Instead, retailers should promote the use of cards, where possible, and offer mobile payment/contact-less payment options, but continue to accept cash as fail-safe
- If cash-less transactions are not possible, some best practices to consider:
 - Consider employee PPE
 - Ask customers to place cash on the counter rather than handing to employees
 - Place money directly on the counter when providing change back to customers
 - Wipe counter between each customer at checkout
 - If possible, consider isolating cash received from cash dispensed for 24-48 hours

Grocer (North America):
Employees encouraged to avoid touching cards or cash at check-out





Supply chain management: Six practices leading global retailers are pursuing in response to COVID-19

		Applicable to:		
		Essential	Non - essential	Restaurant
Assess and reduce risk	1	Conduct supply-chain risk-assessment : Degree of impact of COVID-19 to the supplier and criticality of supplier to retailer's business		
	2	Develop critical materials list and ensure availability		
	3	Encourage safety practices within production facilities & supply chain		
Manage existing relationships	4	Where possible, partner with suppliers to source stock from less affected areas		
	5	Support small suppliers with flexibility in payment arrangements		
Develop new relationships	6	Develop new supplier / distribution partnerships - and leverage capacity from adjacent businesses		

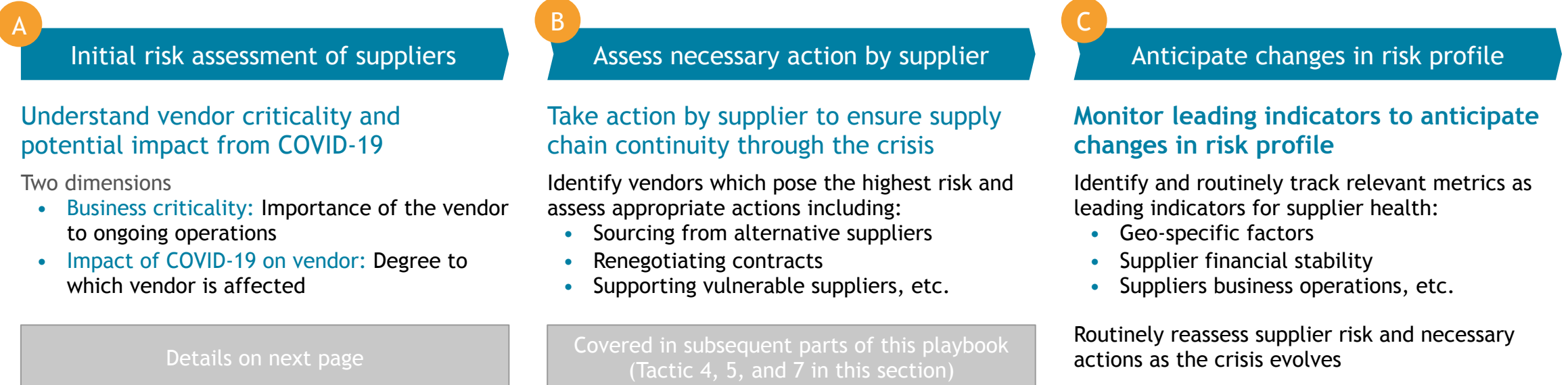


Conduct supplier risk assessments and coordinate response

Context

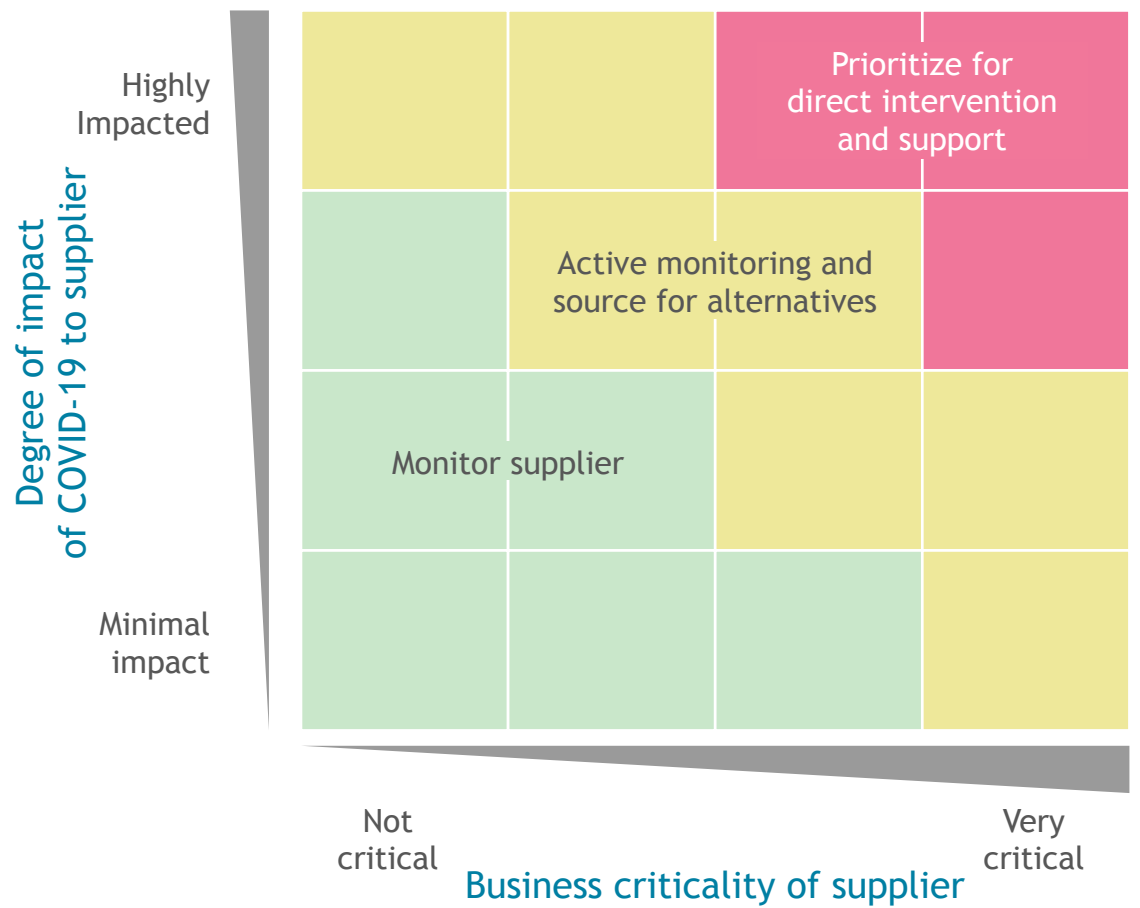
- Even as Canada's economy begins to re-open, there are several factors that will continue to cause stress to supply chains for retailers and restaurants
- Until there is a vaccine available, there is potential for a resurgence of cases for COVID-19 and ensuing closures of segments of the economy, which can impact retailers and their supply chains
- Different countries globally are at different stages of re-opening post COVID-19 and this may impact shipments from foreign suppliers (including both final goods and inputs for future assembly)
- Critical for retailers to perform a risk assessment on the supply chain as a first step and then define appropriate actions for each supplier

Three step approach to managing supply chain risk from COVID-19





A Supplier Risk Assessment: Two factors to assess risk - impact of COVID-19 on the supplier and criticality of supplier to retailer's business



Placement on the matrix determined by:

Degree of impact of COVID-19 to supplier

- Supplier financial stability
- Geo-specific factors related to suppliers location
- Operational set-up of supplier's production facilities
- Other downstream factors that impact supply of goods

[Details on next page](#)

Business criticality factors

- Concentration of volume with this supplier
- Products ordered (key products vs. non-critical)
- Impact on operations with lack of supply



Encourage safety practices within production facilities & supply chain

Context & rationale:

- To minimize the risk of disruption to supply chains, critical that internal production facilities and suppliers are aware of and follow safety precautions as they relate to COVID-19
- Different regions may have different COVID-19 guidelines and production facilities / suppliers may not be aware of best practices to limit the risk to their business during the epidemic
- Sharing and setting expectations for additional safety will help to minimize supply chain risk - and keep employees safe across the board

Examples:

- Reopened apparel manufacturing facilities under social distancing guidelines to produce face masks ([Link](#))
- Redesigned production facility so that equipment is farther apart, divided workers into two separate teams that do not interact and use different entrances, temperatures taken upon entry (note Warby Parker is vertically integrated, and owns its production facilities) ([Link](#))
- Requires suppliers' factories all have paid sick leave, employees required to stay at home if unwell; each factory has hygiene measures incl. sanitizing stations at each workstation, temp. checks, and employee education on health and safety ([Link](#))

Execution considerations:

- Factory layout & shift scheduling are two core issues:
 - Layouts should be conducive to social distancing with processes and roles adjusted to accommodate new setup (e.g. single worker performing a full step in the process, vs. multiple workers)
 - Labour schedules should be adjusted to ensure higher safety for workers on factory floors
- Clearly delineate between a) expectations for supplier safety and b) suggested best practices when communicating
- Extend practices to intermediaries between retailer & supplier (3PL, distributors, etc.)

LA Apparel (US): Sewing stations at manufacturing facility moved six feet apart ([Link](#))



Shelf-ready packaging

Context & rationale:

- Many retailers are moving to leverage shelf-ready packaging in an effort to shift some of the workload for shelf-stocking further up the supply chain and to reduce unnecessary labour
- Several benefits of leveraging shelf-ready packaging: reducing in-store labour time, increasing safety (less physical interaction with goods), increased storage space in back-of-house, etc.
- For grocery stores in particular, shelf-ready packaging provides additional benefit of demonstrating availability to customers

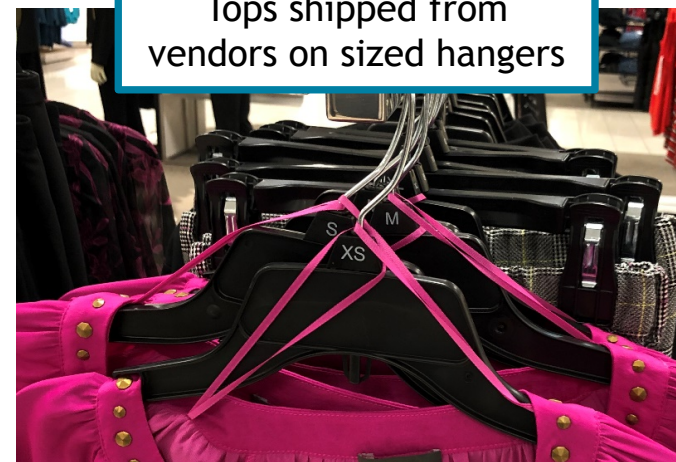
Examples:

- **Grocery stores (Canada & globally):** High-demand items merchandised directly in pallets and in shelf-ready packaging to demonstrate plentiful availability to customers, especially during panic-buying period
- **Department stores (US/Canada):** Pre-tagged garments on sized hangers, to simplify shelf stocking and customer shopability

Execution considerations:

- Shelf-ready packaging may be leveraged by both essential and non-essential retailers to reduce labour and simplify customer shopping experience
- Delivery to stores in non-essential retail can be further simplified by organizing by department or class, shifting labour to distribution centers

Hudson's Bay (Canada):
Tops shipped from vendors on sized hangers



Coles (Australia): Shelf-ready packaging & in-aisle pallets



Forecasting demand and building a new baseline



A Prior forecasts no longer directly applicable in the new normal

Category demand shifts

Change in demand as different categories see different recovery trends

Channel shifts

More online/pick-up sales and related change in basket shape (e.g. reduced impulse buy)

Intra-category shifts

Trend towards bulk, value brands and packaging given economic uncertainty

Regional disparity within the country

Virus progression differences within country, different re-opening timelines, etc.



B Individual categories will exhibit different trends going forward

As store start to re-open, important to understand that not all categories will exhibit the same recovery trend

Broadly four recovery archetypes expected:

- V-shaped: Categories that recover back to normal
- U-shaped: Slow, but expected recovery as stores re-open
- L-shaped: Demand does not recover for a long period
- Δ-shaped: Early demand spikes fall below pre-COVID



C Forecasting capabilities must be rebuilt from ground up

- In the 'new normal' retailers must re-build forecasting capabilities to predict demand changes based on new variables
- Observed practices are to start manually, then iterate to build automation and finally to leverage advanced analytics to incorporate real time changes in demand drivers
- Leverage category trends & archetypes from other countries further along the recovery curve (e.g. China, S. Korea) into forecasts where possible¹



Details on next page

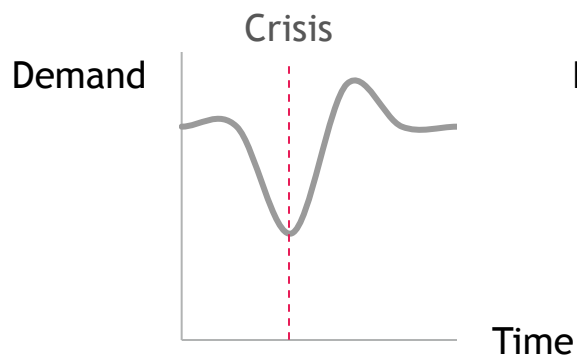
Details on following pages

1. Tools such as BCG's Demand Lighthouse are designed to accelerate redesign of category forecasts in light of COVID-19, leveraging a set of pre-existing international examples/archetypes as well as country specific epidemiological and macroeconomic scenarios/forecasts.

B Categories will behave differently as crisis continues

A few common archetypes expected, although degree & duration of demand swings will vary within

V-Shape

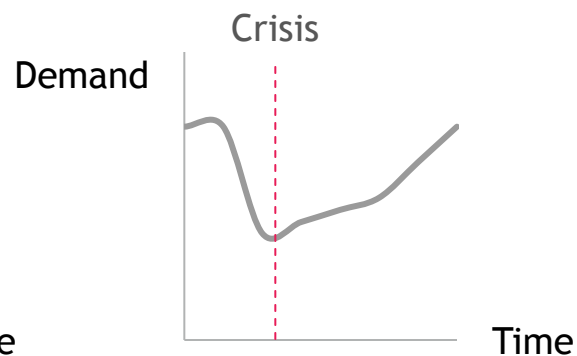


Demand stays constant, but faces channel constraints that when unlocked drive a 'spike'

POTENTIAL EXAMPLES

E.g. Automotive parts

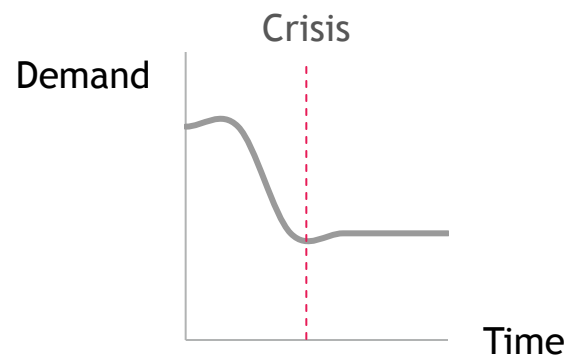
U-Shape



Demand is reduced, but likely to increase as interventions are gradually reduced as retail begins to open

E.g. Apparel

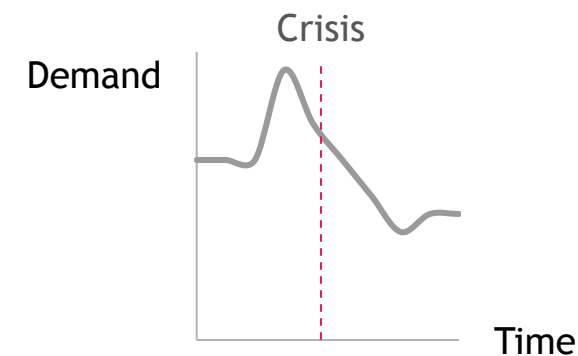
L-Shape



Demand is reduced and facing longer-term government intervention and / or consumer behavior challenges

E.g. Luggage

Δ-Shape



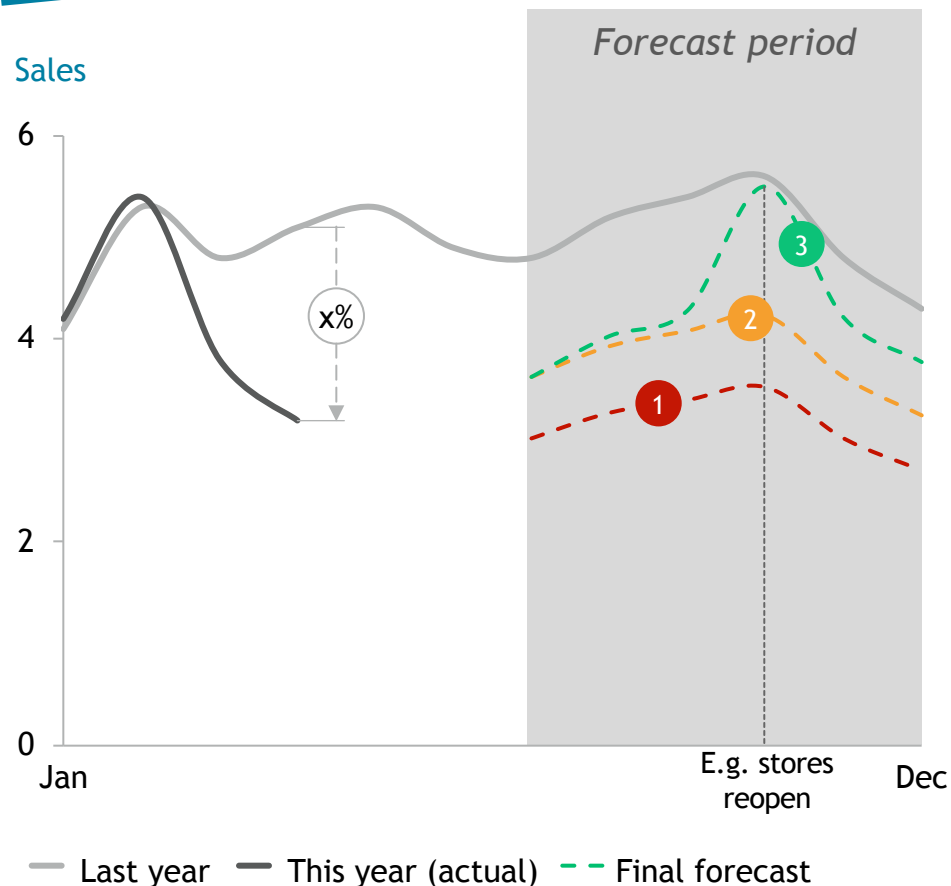
Demand drops well below pre-COVID-19 levels as consumers work through excess supply from panic buying

E.g. Canned goods

c Forecasting demand during COVID-19: A simple framework

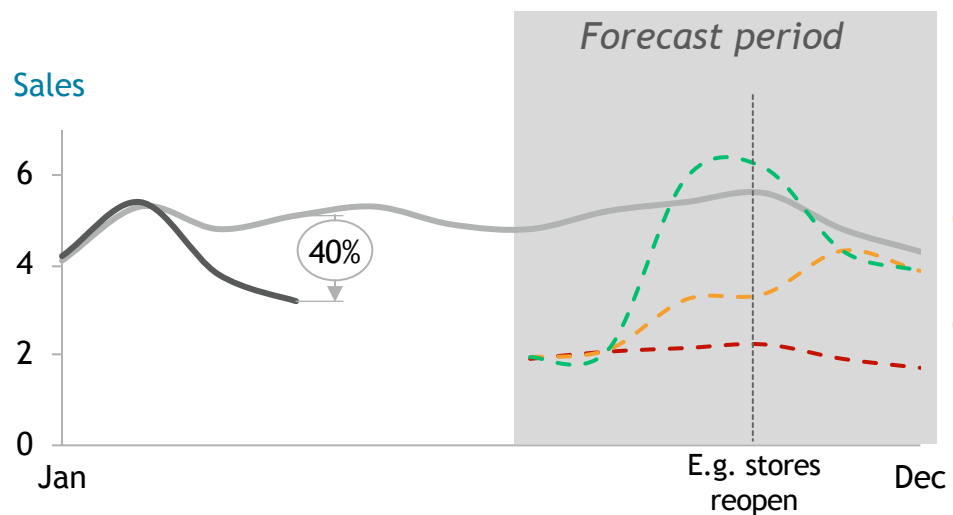
Retailers should differentiate change in supply from change in demand; estimate each independently

Illustrative



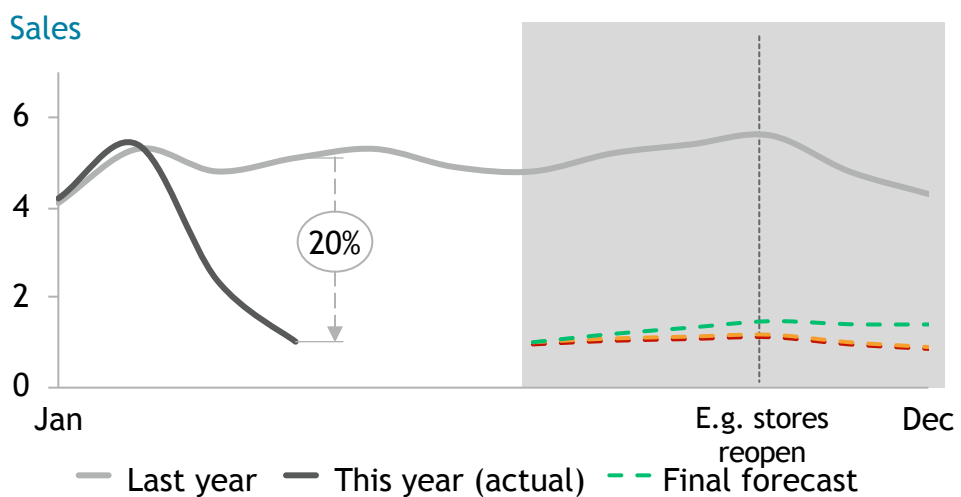
- 1 **First: Estimate future sales given today's depressed levels**
 - How are sales today relative to this time last year (x)?
 - If this same change occurred at the future point what would sales be?
- 2 **Supply-side: Adjust future sales to account for return to historical supply as stores re-open**
 - What would future sales be if supply is restored (i.e. brick and mortar stores open)?
 - Anticipate essential products will see a more material increase in demand (relative to discretionary) when supply constraints lift
- 3 **Demand-side: Adjust future sales to account for anticipated change in underlying consumption**
 - How will the demand for the category change during & as a result of the crisis?
 - Will the category see a V, U, L or Δ recovery?
 - How long will it take the demand to return to the old baseline? If ever?

c Examples: Forecasting demand during COVID-19



Illustrative example #1: Demand for automotive parts

- 1 Sales are currently 40% of last year. Estimate sales in forecast period to be 40% of same time last year (e.g. forecast Sep'20-Feb'21 to be 40% of Sep'19-Feb'20).
- 2 Adjust sales for store re-open. Sales expected to increase as consumer use of cars increases & comfort with visiting stores rises.
- 3 Adjust sales for demand. Extended period of reduced access results in pent-up "V-shape" recovery, resulting in a temporary increase in demand above historic levels before resettling to a new-normal slightly below historic average (accounting for long-term reduction in automobile use/increased work-from-home).



Illustrative example #2: Demand for luggage

- 1 Sales are currently 20% of last year. Estimate sales in forecast period to be 20% of same time last year (e.g. forecast Sep'20-Feb'21 to be 20% of Sep'19-Feb'20).
- 2 Adjust sales for re-open. Sales not anticipated to change significantly given discretionary nature of product and ease of access via online channel during crisis.
- 3 Adjust sales for demand. Dramatic reduction in travel reduces long-term demand for luggage, sales anticipated to increase slowly only as air & cruise travel are reinvigorated, resulting in "L" shape recovery.